

ALTERNATIVE FUELS RESEARCH AND EDUCATION DIVISION

Propane Alternative Fuels Advisory Committee

Minutes

April 24, 2002

Members present: Jack Ayres, James Cole, Dan Deaton, Joseph Guerrero, Don Lewis, Mike Merwarth [for Mr. Higginson], Doug Peck, Annette Rath, Sheila Tomerlin, Sandra Toval, Shel Vedlitz

Members absent: Chuck Beatty, David Blackman, Robert Hornbeck, Javier Ramirez, Pamela Roach, Wes Welch

Staff: Heather Ball, Jackie Burge, Steve Jaeger, Dan Kelly, Carmen Ledesma, Thomas Petru

Guests: Banks Akin, John Danks, Curtis Donaldson, Annelle Dorris, Todd Dorris, Jeff East, Frank Hurley, Judy Kring, Joann Mudgett, Tom Nichols, Barton Prideaux, Erwin Rath, Steve Smith, Phillip Treloar

Chairman Annette Rath called the meeting to order at 9:05 a.m. in the Railroad Commission's Alternative Fuels Training Center, 6506 Bolm Road, Austin.

On motion of Ms. Tomerlin (second by Mr. Vedlitz) the minutes of the March 13, 2002, meeting were approved without amendment.

Director's Report

Division Director Dan Kelly reported as follows:

Delivery-fee collections. Delivery fee collections for fiscal 2002 through Friday, April 19, totaled \$1,484,463, down 7 percent (\$111,107) from last year at the same time.

Rebate programs. All applications for consumer rebates and grant-funded rebates are current.

Rules review. At conference on May 9 the Commission will consider proposed changes to all of AFRED's rules except the training rule. By statute all agency rules must be reviewed every four years and either readopted or repealed. If approved for publication, the proposed changes to AFRED's fee, advisory committee, consumer rebate, media rebate, highway signage rebate and manufactured housing incentive rules will appear in the May 24 *Texas Register* for a 30-day comment period. Proposed changes to AFRED's training and continuing-education rules will follow later this summer.

Dan distributed and discussed a summary of the staff's proposed changes. Chairman Rath asked whether the proposed changes included an increase in the share of eligible media rebate advertising devoted to company-specific information, from the current 25 percent to 40 percent. Dan said this change does not require a rule change; it can be handled administratively.

Aftermarket conversions. The U.S. Department of Energy's national Clean Cities conference in Oklahoma City May 12-15 will include a discussion of the U.S. Environmental Protection Agency's new procedures for certifying aftermarket conversions. Northwest Propane is pursuing full certification of a converted 2002 Dodge pickup and reports no major problems encountered to date.

PERC strategic plan for agriculture. The PERC Agriculture Advisory Committee's roadmapping group will write specific objectives at a meeting in Kansas City on May 6-7. The researchers who have worked on AFRED's agriculture grants will participate in this meeting.

Grants. UOP/HyRadix has been awarded \$500,000 by PERC as a match for AFRED's \$500,000 propane fuel cell development grant from DOE. In addition, at its March meeting PERC funded Phase I of a project to demonstrate the propane John Deere 70 horsepower propane tractor. The three-month Phase I demonstration will take place in San Antonio and may be followed by additional demonstrations in air-quality nonattainment areas, possibly Houston.

PERC proposals with Southwest Research Institute for a low-emissions forklift engine using port fuel injection (\$275,000) and a high-efficiency zeolite air conditioner (\$241,000) are still pending before the PERC Research & Development Advisory Committee.

Marketing/Public Education

Marketing and Public Education Director Heather Ball reported as follows:

Consumer rebate update and options. Heather thanked all the marketer guests for their interest in the rebate program. She explained the process proposed changes will go through before they are implemented and distributed a spreadsheet showing actual rebate spending by category and projections for the rest of this fiscal year (i.e., through August 31, 2002).

Mr. Danks asked Dan Kelly to explain the Commission's budgeting cycle and treatment of unexpended balances. The Commission sets each year's operating budget in July for the fiscal year beginning September 1. By statute beginning in fiscal 1998, 50 percent of funds available each year from AFRED checkoff fees ("Fund 101") must be devoted to consumer rebate programs. The other 50 percent each year is budgeted for other programs, e.g., media rebates, manufactured housing incentives, trade shows, field staff, marketing, public education, research and administrative functions. Any unexpended

balances from either side of the previous year's budget are pooled, added to the next year's projected revenue, and the total divided 50/50 to comply with the statute.

Propane Star Home rebate change for fiscal 2002. The committee discussed whether to authorize additional Propane Star Home rebates for the current fiscal year. Mr. Vedlitz moved (second by Ms. Tomerlin) to increase to 500 the number of Propane Star Home rebates that could be awarded in fiscal 2002. The motion carried unanimously.

Consumer rebate options for fiscal 2003. The committee discussed numerous options, including those sent in by absent members. Staff was directed to examine the following options and report at the next meeting:

- Continue fiscal 2002 rebates at same levels for fiscal 2003
- Replace dryer requirement in Propane Star Home with requirement that two out of the following three appliances be installed: dryer, range, gas log set
- Reduce Propane Star Home rebate to \$600
- Reduce Propane Star Home rebate to \$500
- Eliminate gas log rebate
- Limit rebates to two water heaters at a single residence
- Reduce electric water heater replacement rebate from \$300 to \$150
- Add propane-to-propane water heater replacement rebate at \$100
- Reduce vehicle rebate to \$750; cap at 100 vehicles

The committee also asked AFRED to develop a definition for a furnace in a Propane Star Home.

Media rebate update. Heather reported on AFRED's success in securing "earned media," i.e., editorial news coverage, for propane. She distributed a list of more than 300 newspapers that have run AFRED-generated articles on propane in the last year and asked members to notify her if their local paper was not on the list.

AFRED has contacted every marketer who currently runs yellow page advertisements under AFRED's media rebate program. On motion of Mr. Guerrero (second by Mr. Vedlitz), the committee voted unanimously to suspend the media rebate program effective May 31, 2002, and to honor participants' current approved yellow-page contracts. Media rebates approved after May 31 may be paid after September 1, 2002, if funds are available.

Field staff effectiveness survey. Heather presented a draft telephone survey designed to evaluate the effectiveness of the AFRED field staff. Heather asked the committee for suggestions and will incorporate them into the final survey text.

New safety brochure. Heather passed out a draft revision of AFRED's *Home Safe Home* brochure. She asked the members to review the draft at their convenience and either call in or e-mail comments to her.

Propane Services Directory. Heather distributed a new bill stuffer aimed at recreational vehicle customers. The bill stuffer announces the new www.texaspropane.org web site that allows users to find propane outlets anywhere the state by searching on company name, county or city.

Print advertisements. Heather showed print media pieces available from AFRED and from PERC and asked for comments. Ms. Tomerlin said new advertisements were needed.

Research

Research and Technical Services Director Steve Jaeger briefed the committee on the progress of ongoing research projects.

Heat treatment of chicken litter. AFRED's current grant from PERC to study propane applications in agriculture proved that while heat treatments cannot replace good management and sanitation, they can help eliminate or reduce disease pathogens on the floor surfaces of broiler houses and turkey barns. AFRED plans further tests this year to establish cost data and determine the effectiveness of a modified burner designed to deliver a higher, more consistent temperature.

Refueling systems optimization. AFRED's PERC-funded seminar at Southwest Research Institute on April 22-23 attracted more than 40 experts from the U.S., Canada, Europe and Australia. Philip Treloar, general manager of L.G. Equipment, Australia, said the seminar was very beneficial and that the propane industry has benefited from the efforts of AFRED and the Commission.

John Deere propane tractor. Southwest Research made the tractor available for inspection during the refueling systems summit in San Antonio. John Kubesh, the engineer in charge of the project, briefed the conferences during lunch on the second day. The tractor will be displayed in Austin, Kansas City, Oklahoma City and Arlington in May.

VIA propane bus demonstration. The four VIA streetcars with propane engines furnished by AFRED under a grant from the Texas Alternative Fuels Council have proved reliable, as shown by the reports submitted by VIA. The demonstration will conclude in August.

LP-gas for weed, nematode and pathogen control in agriculture. AFRED's PERC-funded flame weeding project will enter Phase 3 this summer. Previous work yielded basic research, improved equipment and developed techniques to integrate flaming into cotton and vegetable producers' weed- and nematode-control programs in Texas, Mississippi and Florida. Phase 3 will further refine the burner hardware; extend the field trials on cotton to sites in Alabama, Georgia, North Carolina and New Mexico; begin field trials on soybeans in Mississippi and organic vegetables in California; and further evaluate the efficacy and cost of using propane to control pathogens in broiler houses through the University of Arkansas Poultry Science Center.

Residential-scale propane fuel cell. The U.S. Department of Energy has awarded AFRED \$500,000 to develop a UOP/HyRadix propane reformer, integrate it into a DCH/Enable fuel cell, test the prototype's performance at Southwest Research Institute, and demonstrate it under actual service conditions at a Texas Department of Transportation or Texas Natural Resource Conservation Commission site. A contract is expected to be executed to begin the work this summer.

Training/Continuing Education

Training Director Thomas Petru reported as follows:

Program update. May 31 is the continuing-education deadline for renewing certificate holders with 2002 due dates. May 31 is also the training deadline for applicants for certification who passed a new employee-level examination between March 1, 2001, and February 28, 2002. Certification will lapse on June 1 for individuals who miss their deadlines.

Railroad Commission Chairman Michael Williams sent letters in November and again this month to each company in Texas with a list of the company's employees who have May 31, 2002, deadlines. AFRED's instructors will make one more round of classes available outside Austin to accommodate persons needing training. Fifty-four classes are scheduled between now and May 31. One-third of these classes are already full.

Next Meeting; Adjournment

Chairman Rath will schedule the next meeting of the committee on a Wednesday in the last half of June or first half of July. [Note: The chairman subsequently scheduled the meeting for 9:00 a.m., June 19, at Bolm Road.] The committee adjourned at 1:10 p.m.



Carmen Ledesma